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Argentina

Canned Deciduous Fruit

Annual

2005

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Report Highlights:

Calendar Year (CY) 2006 peach production is forecast at 140,000 metric tons (MT), 65,000 MT will be processed. Exports are expected to remain at levels similar to those of CY 2004. Imports will continue at low level. Domestic consumption is forecast to increase as domestic prices decrease in line with the international market price.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Buenos Aires [AR1]
[AR]

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Section I. Situation and Outlook

Production areas

Canned peaches are mainly produced in Mendoza Province, located alongside the Andes mountains. According to up-to-date official numbers, 7,600 hectares are currently planted with cling peaches in this province. Based on data from the latest census carried out by the Mendoza Provincial Government, there are 1360 farmers, with an average farm size of 5.6 hectares.

Since Mendoza is a very dry province with an annual average rainfall of 8 inches or less, all plantations are irrigated. The main source of water is snow melt from the Andes. There are three main production zones in the province of Mendoza, called oases.

The oldest and most traditional production zone, the southern zone, encompasses the departments (counties) of San Rafael and General Alvear. It has a total planted area of 3,163 hectares, 41 percent of the total planted area in the Mendoza Province. Farms in this area are small, not over three hectares, and are generally subsistence in nature. Production is characteristically low tech with yields no higher than nine MT per hectare.

The northern and eastern zones, with 2,136 hectares in production, have an average farm size of five hectares. Yields in this zone reach 17 MT per hectare, which reflect the use of yield improving technology.

The last zone, the Uco Valley, is where more developed and active farmers have settled during the past 20 years. Also, larger plantations, most of them owned by canneries, have been established in this zone. With a total planted area of 1,550 hectares, the average farm size in this area is eight hectares, and yields reach 25 MT per hectare.

According to a survey carried out by the Rural Development Institute of Mendoza (a private/public sector entity closely related to the provincial Ministry of Economy) together with two industry NGOs, area planted to peaches increased in CY 2005 by 105 hectares in the Northeastern zone, and 245 hectares in the Uco Valley. Also, 10 and 41 hectares of old plantations will be eradicated in the northeastern and southern zones, respectively.

Production

Industry sources report that the current development of the CY 2006 crop will be nine percent lower than CY 2005 due to frost damage. Post forecast total production at 140,000 MT (See statistical tables). 65,000 MT of peaches will be delivered to canneries.

Total production of fresh peaches in CY 2005 reached 153,000 MT. For CY 2005 total production suitable for canned peaches was 70,000 MT.

Consumption

Per capita peach consumption fell from two and a half to one can in CY 2002. Domestic consumption is recovering and it is expected to reach one and a half cans in CY 2005, due to the ongoing economic recovery. For example, this year the GDP is forecast to grow for the third straight year at eight percent. Total domestic consumption is forecast to increase in CY 2005 to 42,000 MT.

Trade

CY 2006 canned peaches exports are forecast to be at 26,000 MT as there will be less available fruit. Up to the end of July 2005, registered canned peach exports reached 9,000 MT, 8,500 MT less than the same period during CY 2004. Despite previous estimates CY 2005 exports will not reach 35,000 MT, industry sources now expect CY 2005 exports to barely surpass CY 2004, reaching 28,000 MT due to lower international prices and the recovery of local consumption.

Country	2002		2003		2004	
	USD	Quantity	USD	Quantity	USD	Quantity
World	6,767,884	11,263	18,839,330	33,272	17,353,863	24,166
Mexico	221,421	346	2,041,976	3,427	4,873,066	6,544
EU	105,332	213	5,217,328	8,935	4,916,917	7,197
Brazil	3,618,224	5,837	2,450,869	4,280	1,807,404	2,220
Chile	511,754	952	2,366,904	4,649	1,211,399	1,650
Thailand	0	0	0	0	936,312	1,499
Paraguay	477,579	802	332,926	577	533,950	701
United States	32,375	56	1,304,754	2,185	518,797	842
Bolivia	266,651	444	478,373	778	491,949	619
Guatemala	40,718	62	205,421	331	452,459	616
Uruguay	1,234,855	2,037	577,275	918	330,939	452
Ecuador	78,407	181	415,186	658	291,600	354
Israel	35,000	71	462,050	858	265,373	391
Others	145,568	263	3,076,268	5,677	723,698	1,080

Imports and Exports Requirements

Outside the Mercosur Area	
Import Tariff	14 %
Specific Minimum Import Tariff US\$/Kg.	0
Statistical Tax	0.50%
Export Tax	5.00%
Rebates	
Containers with more than 2.5 kg.	4.05%
Containers with 2.5 kg. or less	6.00%
Inside the Mercosur Area	
Import Tariff	0.00%
Export Tax	5.00%
Rebate	
Containers with more than 2.5 kg.	4.05%
Containers with 2.5 kg. or less	6.00%

Prices

Domestic Prices

850 grams net weigh can	Dec. 2003 (1\$ = 3 AR\$)		October 2004 (1US\$ = 2.96 AR\$)		September 2005 (1US\$ = 2.90 AR\$)	
Brand	AR\$	US\$	AR\$	US\$	AR\$	US\$
La Campagnola	3.19	1.03	4.44	1.50	3.65	1.26
Arcor	3.19	1.03	4.29	1.45	3.30	1.14
Canale	2.99	0.99	3.39	1.15	3.00	1.03
Alco	2.99	0.99	3.39	1.15	3.29	1.13
Molto	2.89	0.96	3.29	1.11	2.59	0.89
Santa Isabel	3.09	1.03	3.59	1.21	3.20	1.10
Average price	3.06	1.02	3.73	1.26	3.17	1.09

International Prices

Prices Table			
Country	Argentina		
Commodity	Peaches, Canned		
Prices in	US\$ FOB	per uom	MT
Year	2004	2005	% Change
Jan	740	700	-5%
Feb	700	700	0%
Mar	670	610	-9%
Apr	700	630	-10%
May	710	640	-10%
Jun	680	690	1%
Jul	720	710	-1%
Aug	780		-100%
Sep	780		-100%
Oct	780		-100%
Nov	840		-100%
Dec	780		-100%
Exchange Rate	2.9	Local Currency/US \$	
Date of Quote	9/30/2005	MM/DD/YYYY	

Production Cost

PEACH COST - CARTON 24 X 1 - LIGHT SYRUP (14-16° BRIX)	
STANDARD QUALITY - CY 2005	
Inputs	US\$
Raw material	0.147
Sugar	0.011
Corn syrup	0.010
Tin plate	0.155
Paperboard	0.012
Labels	0.008
Labor	0.035
Energy / Fuel	0.005
Subtotal	0.383
Other inputs	0.022
Total direct cost	0.405
Indirect cost	0.125
Freight to Buenos Aires	0.020
Total cost	0.550

Section II. Statistical Tables

PSD Table							
Country	Argentina						
Commodity	Peaches, Canned				(MT)(MT, Net Weight)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Deliv. To Processors	120000	120000	120000	153000	0	140000	(MT)
Beginning Stocks	10574	594	10074	1594	10074	1594	(MT, Net Weight)
Production	65000	65000	70000	70000	0	65000	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	75574	65594	80074	71594	10074	69594	(MT, Net Weight)
Exports	35000	24000	40000	28000	0	26000	(MT, Net Weight)
Domestic Consumption	30500	40000	30000	42000	0	40000	(MT, Net Weight)
Ending Stocks	10074	1594	10074	1594	0	594	(MT, Net Weight)
TOTAL DISTRIBUTION	75574	65594	80074	71594	0	66594	(MT, Net Weight)